

PHE 98.3 no.1

PENNSYLVANIA STATE BOARD OF HOUSING
SUITE 409 SOUTH OFFICE BUILDING
HARRISBURG, PENNSYLVANIA

Bureau of Public Administration
Box 1667 University Station
Charlottesville, Virginia

February 18, 1938
SBH 2-291

TO: Chairman, Local Housing Authority

FROM: Pennsylvania State Board of Housing

BULLETIN NO. 1

SUBJECT:

ACCOUNTING PROCEDURE FOR LOCAL HOUSING AUTHORITIES

The United States Housing Authority Act, more commonly referred to as the Wagner-Steagall Act provides in part as follows:

"----In January of each year the Authority (U. S. H. A.) shall make an annual report to Congress of its operations and expenses, including loans, contributions, and grants made or contracted for, low-rent housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority (U. S. H. A.). Such report shall include operating statements of all projects under the jurisdiction of or receiving the assistance of the Authority, (U. S. H. A.), including summaries of the incomes of occupants, sizes of families, rentals and other related information."

Pennsylvania's State Board of Housing Law provides in part as follows:

"----The board shall prescribe uniform systems and forms for keeping accounts, records, and books to be used by an authority. The board may require an authority to file periodical reports, in addition to annual reports, but not oftener than quarterly, covering its operations and

activities. Such reports shall be in a form prescribed by the Board."

The State Board of Housing in prescribing a uniform system of accounting to be used by Local Housing Authorities as called for in the State Act above quoted is working in conjunction with the United States Housing Authority, to the end that the books and records of a Local Housing Authority will be correlated with the reports specified in the Federal Act, and which reports shall subsequently be required by the United States Housing Authority and the Pennsylvania State Board of Housing from each Local Housing Authority.

The System of Accounting for Local Housing Authorities shall be divided into three component parts covering the progressive periods of a Local Authority. The accounting records for the first two periods shall, at the proper time, be separately reconciled and closed into the records of the third period so far as certain capital and expense accounts are concerned. These periods shall be termed as follows:-

1. Formulative Period
2. Development and Construction Period
3. Management Period.

1- FORMULATIVE PERIOD

The division of accounting for this period shall cover the time during which a Local Housing Authority is in its preliminary development stage and is operating by virtue of an appropriation received from the local Governing Body.

The United States Housing Authority will permit certain expenses incurred during this period to be subsequently capitalized and consequently either refundable to the Local Governing Body upon its receipt of the federal loan or capitalized as a portion of the

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Local Housing Authority's contribution. Therefore, a very complete record of all expenditures and commitments shall be immediately established and maintained by the Local Housing Authority and shall reflect such records by individual project, by accounting classification. Documentary evidence of such expenditures shall be preserved to permit such records being subsequently absorbed on the books to be established later under the Management Period.

Examples of expenditures made from sources other than the Federal Loan and which may come in the category for refund or allowable contributions are technical, professional or other services such as the preparation by architects and engineers of sketches or plans and specifications, the services of mechanics, plumbers, builders, carpenters, etc. engaged in construction, grading, landscaping or other work upon the project.

During the Formulative Period the expenditures of the Local Housing Authority will no doubt be made by the Local Government out of funds provided by means of an appropriation. Consequently, the Local Authority will not have the actual handling of the monies so appropriated. However, the Authority shall set up their own tentative books and records of transactions in which any monetary value is involved. Such books shall record all expenditures, broken down by individual projects and entered by accounting classification. For this purpose, arrangements should be made with the Local Government, whereby they furnish to the Authority copies of the required documents at the time such documents are prepared.

This will not only permit the Local Authority to gauge its expenditures against the available appropriation but will also make available a detailed analyses of these expenditures, a portion of which as hereinbefore mentioned may subsequently be in proper order for ultimate capitalization.

The following tentative list of accounting classifications shall be maintained during the Formulative Period. Additional classifications may be added by the Local Authority in the event items arise which are not herein provided for. The classifications listed will coincide with the accounting system to be adopted later in the Management Period upon completion of the project, viz:

MANAGEMENT SALARIES

(Authority's Executive Director, Assistant Director, etc.)

ACCOUNTING AND CLERICAL SALARIES

OFFICE EXPENSES

(Rent, Stationery, postage, printing, etc.)

TELEPHONE AND TELEGRAPH

TECHNICAL SERVICES

(Architectural, engineering, planning, etc.)

PROFESSIONAL SERVICES

(Legal, court records, real estate appraisement, etc.)

TRAVELING EXPENSES

PROJECT EXPENSES

(Construction, grading, landscaping, etc.)

In establishing the tentative records for the Formulative Period a columnar ledger sheet shall be used for each major classification. The individual columns shall reflect a further breakdown of the classification. This is illustrated as follows:

A columnar ledger sheet will be opened for "Technical Services" -- a separate column shall be captioned for each type of technical service, i. e., architectural, engineering, planning, etc. The last column on the right shall be captioned "Total", and shall act as a

control column for the combined classification. Date of transaction, date of document, and an item description shall also be recorded for each posting.

In addition a regular ruled (debit, credit and balance) ledger sheet shall be opened for an Appropriation account. An adding machine tape or other listing shall be made of each day's transactions, the total of which shall be posted as a debit to the Appropriation account. These tapes, which will become the posting media, for entries against the Appropriation shall be dated and preserved. A periodical check of all charges entered in the various classifications shall be made against the total debits recorded in the Appropriation account, and which figures should balance.

The Appropriation account will act as a guide against over expending the appropriation and will reveal the available balance therein as well as the accrued charges.

2-DEVELOPMENT AND CONSTRUCTION PERIOD

A separate bulletin will be forwarded at a later date covering the Accounting procedure to be followed during the Development and Construction Period.

3-MANAGEMENT PERIOD

Prior to the occupancy of a project by tenants, the State Board of Housing will devise an accounting system in accordance with the stipulations of the Pennsylvania State Board of Housing Law, and which system shall be installed on each project under the supervision of a representative of the State Board of Housing.



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GENERAL

The reports which will subsequently be required by the United States Housing Authority and the Pennsylvania State Board of Housing from each Local Housing Authority will in all probability require a very large amount of detailed data. Therefore, each Authority will require a very comprehensive and detailed accounting system, and as a result, the Local Authority should in the very beginning select a practical, competent, and experienced accountant to have charge of this phase of the work. The overseeing of the accounting work on small projects can possibly be handled by the Executive Director or his Assistant if they are well versed in accounting. The larger projects, however, should have an accountant, of the type mentioned, assigned to perform these functions.

